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ABSTRACT

Connecticut's Jobs First program was subjected to a rigorous, large-scale evaluation. During the evaluation, nearly 5,000 single-parent welfare applicants and recipients in 2 cities were randomly assigned to Jobs First or to the Aid to Families with Dependent Children (AFDC) group. Each group's progress was compared over a 4-year period. The following were among the key findings: (1) at the study's end, 51% of the Jobs First enrollees were working and off welfare versus 42% of the AFDC group; (2) Jobs First enrollees earned 7% more than did their AFDC counterparts; (3) although families in both groups received about the same amount in welfare payments at the end of the 4-year period, the Jobs First

families averaged 6% more in income from public assistance and earnings; (4) just over half of the Jobs First recipients reached their benefits time limit, and about two-thirds received at least one 6-month extension; and (5) Jobs First generated some small improvements in the behavior of participants' young children but had mixed effects on adolescents. It was concluded that, at least when the economy is exceptionally strong and most nonworking recipients are granted benefits extensions, time limits on welfare receipt can be implemented without widespread severe consequences for families. (Contains 17 notes, 8 tables, and 3 figures.) (MN)

Jobs First

Final Report on Connecticut's Welfare Reform Initiative

Summary Report

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Overview

Since its launch in 1996, Connecticut's Jobs First program has attracted national attention because it includes all the key elements of the 1990s welfare reforms: time limits, financial work incentives, and work requirements. Specifically, Jobs First limits families to 21 cumulative months of cash assistance unless they receive an exemption or extension. It includes an unusually generous financial work incentive that allows employed recipients to retain their full welfare grant as long as they earn less than the federal poverty level. And it requires recipients to work or participate in employment services designed to help them find jobs quickly.

Jobs First is a focus of policymaker interest, too, as one of the first programs of its kind to be subject to a rigorous, large-scale evaluation. MDRC studied Jobs First's effects under a contract with the Connecticut Department of Social Services. Nearly 5,000 single-parent welfare applicants and recipients in Manchester and New Haven were assigned, at random, to Jobs First or to the Aid to Families with Dependent Children (AFDC) group, which was subject to the prior welfare rules. Jobs First's effects were estimated by comparing how the two groups fared over a four-year period. (Connecticut modified the Jobs First program after the period studied in this evaluation.)

Key Findings

- ❑ Jobs First made progress towards its key goal of replacing welfare with work: By the end of the four-year study period, 51 percent of the Jobs First group were working and not on welfare, compared with 42 percent of the AFDC group. Only 19 percent of Jobs First families were on welfare by the end of the study, compared with 28 percent of AFDC families.
- ❑ Jobs First boosted employment and earnings. Over four years, Jobs First group members earned 7 percent (about \$1,800) more, on average, than their AFDC counterparts. Gains were especially large – 37 percent (about \$3,600) – for recipients facing the most serious barriers to employment.
- ❑ The program's effects on welfare and income changed over time. Initially, the financial work incentive allowed Jobs First families to receive more in welfare benefits than AFDC families; they also had more income. But once Jobs First families began reaching the time limit, their welfare receipt was reduced and their income gains disappeared. Over four years, families in the two groups received about the same amount in welfare payments, but Jobs First families had 6 percent (about \$2,400) more, on average, in income from public assistance and earnings. Jobs First had few consistent effects of material hardships, which were common for families in both groups.
- ❑ Just over half of Jobs First recipients reached the time limit in the four-year study period. About two-thirds of those recipients were granted at least one six-month benefit extension because they were not working or were earning very little and were deemed to have made a good-faith effort to find a job. (Most who received an extension left welfare in the next year or two.) Conversely, most recipients whose grant was closed because of the time limit were working.
- ❑ Jobs First generated some small improvements in the behavior of participants' young children but had mixed effects on adolescent children.

The final results from the Jobs First evaluation show that time limits – at least when the economy is exceptionally strong and most nonworking recipients who reach the time limit are allowed to continue receiving benefits – can be implemented without having widespread severe consequences for families.

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Preface

The welfare reforms of the 1990s included three core components — broader and tougher work requirements, financial incentives to make work pay, and time limits on benefit receipt. This is the final report in a multifaceted, six-year evaluation of Connecticut's Jobs First program, one of the first statewide reform initiatives to include all three. Because the Jobs First evaluation used a rigorous random assignment research design to isolate effects that are attributable to the program, it provides some of the first solid evidence on the reforms' impacts.

Connecticut's welfare reform policies made a difference. While the study's results suggest that large numbers of welfare recipients would have found jobs and left welfare in the 1990s, even without the reforms, Jobs First succeeded in increasing work and reducing long-term welfare receipt — particularly among an important group of recipients facing the most serious barriers to employment.

The study also shows that a time limit can be implemented without causing widespread, severe harm to families. Just as important, it illustrates how the seemingly simple concept of a time limit, when coupled with a commitment to protect vulnerable families, can evolve in unanticipated ways. Connecticut's 21-month time limit is one of the shortest in the nation, yet approximately two-thirds of the families who reached the limit were granted at least one six-month extension of their benefits.

Finally, the results add an important chapter to the emerging story about the effects of welfare reform policies on income and child well-being. Other studies have found that reforms that did not include special earnings supplements increased work, but not income, and had few effects on children. Programs that supplemented earnings for an extended period, by contrast, raised both employment and income and generated positive effects for children — although at higher cost for taxpayers. The Jobs First results fall in the middle: The program's work incentives boosted income, but the gain was temporary because of the time limit. There were small improvements in children's behavior; but unlike earnings supplement programs that did not include a time limit, Jobs First produced no effects on their academic performance.

These results are timely, coming just as Congress begins to debate reauthorization of the landmark 1996 welfare law. Policymakers, administrators, and others throughout the country who are interested in the workings of welfare reform owe a debt of gratitude to the Connecticut Department of Social Services, which steadfastly supported the study, and the U.S. Department of Health and Human Services, which provided a large proportion of the funding to support this pathbreaking research.

Gordon Berlin
Senior Vice President

Acknowledgments

This is the final report in a six-year evaluation of Connecticut's Jobs First welfare reform initiative. Many people in the State of Connecticut and at MDRC made valuable contributions to the evaluation over the years.

The Connecticut Department of Social Services, led by Commissioner Patricia A. Wilson-Coker, has steadfastly supported the study. The evaluation was initially required by the federal government, but DSS decided to continue it — and to add a major study of child well-being — after the federal mandate no longer applied. Former Commissioner Joyce A. Thomas was instrumental in the study's development and continuation.

Staff in the DSS regional offices in Manchester and New Haven implemented the complex random assignment procedures that made the evaluation possible. During MDRC field visits, managers and staff at all levels were always straightforward and open in discussing both the successes and challenges involved in implementing Jobs First. We owe special thanks to Beverly Miller, Nancy Torchio-Zembko, and Ken Derrick (Manchester); and Robert Lucash, Carol Quinn, Mark Schwartz, Alice Ellovich, Richard Sebastian, and former Regional Administrator Joanne Diglio (New Haven).

In the DSS central office, Mark Heuschkel served as MDRC's primary liaison and worked tirelessly on behalf of the study through the years; the evaluation would have been impossible without his efforts. We also greatly appreciate the support and assistance of Kevin Loveland, Marion Wojick, Jan Miller, Sue Simmat, and Cuyler Massicotte. The late Bill Goodwin and his data processing staff prepared the complex administrative records files that provided data on public assistance receipt. Don Beltrame, Theresa Emery, and Sue Wilson of DSS provided valuable information on child care issues, and Abe Simeon of Maximus provided the child care subsidy data. John Ford played a critical role in the study's early years.

Thanks are also due the managers in the local Department of Labor (DOL) offices and the Regional Workforce Development Boards for helping us to understand their role in Jobs First. In the DOL central office, Nancy Wiggett and Ron Lucas provided critical information for the study on many occasions. (Both also played key roles in earlier stages while with DSS.) William Lindberg and William Pasternak oversaw the processing of Unemployment Insurance wage data.

Carol Huckaby, along with managers and staff in the local Connecticut Council of Family Services member agencies, provided critical information on the Safety Net and Individual Performance Control (IPC) programs.

The final report benefited from input and comments from Howard Rolston, Larry Wolf, and others at the U.S. Department of Health and Human Services, Administration for Children and Families. In addition, the federal agencies, representatives of states, and researchers and foundations in the Project on State-Level Child Outcomes, coordinated by Child Trends, Inc., played an important role in developing the child survey instrument, informing the conceptual framework, and providing valuable feedback during various stages of the analysis of child and family impacts. Bruce Fuller of the University of California, and Lynn Kagan and Jude Carroll

of Yale University, collaborated on the study and offered helpful comments on the child and family analysis.

At MDRC, Barbara Goldman provided overall guidance for the study. David Butler played a central role in launching the study and offered wise advice on many occasions. Judith Gueron and Gordon Berlin offered thoughtful comments on drafts of the final report, and Lisa Gennetian helped revise the child and family analysis.

Leslie Sperber supplied indispensable help with many aspects of the study, participating in field visits, leading aspects of the benefit-cost analysis, and assisting with the analysis of time-limit extension outcomes. Gilda Azurdia handled a large share of the programming for the survey analysis. Alethia Brown coordinated the report's production and oversaw fact-checking, with supervision from Reishma Seupersad. Chris Rodrigues, Chris Henrichson, Mark Van Dok, Frank Tsai, and Tara Cullen also made important contributions to the final report.

Joel Gordon coordinated the acquisition of administrative records with the assistance of Sandy Schechter. Galina Farberova and Ngan Lee, working under the direction of Debra Romm, developed and managed the systems for processing the data. Greg Hoerz oversaw the project's surveys. Under his guidance, Jordan Kolovson was the primary liaison to Roper Starch Worldwide, the survey subcontractor, and Marla Sherman oversaw the teacher survey. Lee Robeson directed the project for RSW.

The following MDRC staff played key roles at earlier phases of the study: Mary Andes, Kate Gualtieri, Rachel Hitch, Jo Anna Hunter, Laura Melton, Lynn Miyazaki, and Adrienne Rumble. Joyce Dees, Donna George, Marguerite Payne, and Carman Troche, with the supervision of Shirley James, fielded thousands of random assignment telephone calls, processed baseline forms, and obtained data to support the surveys.

Robert Weber edited the report, and Stephanie Cowell did the word processing.

Finally, we owe a debt of gratitude to the thousands of parents in the Jobs First and AFDC groups who took the time to respond to surveys and offered their insights during focus groups and individual interviews.

The Authors

Executive Summary

I. Introduction

Connecticut's Jobs First program, which began operating in January 1996, was one of the first welfare reform initiatives to impose a statewide time limit on welfare receipt. Today, almost all states have established time limits on cash assistance benefits, either for adults or for entire families, and the 1996 federal welfare law has imposed a nationwide 60-month time limit on federally funded benefits (with limited exceptions). Jobs First has attracted national attention because it includes all the features that are central to most states' current welfare programs, it has one of the shortest time limits in the nation, and it is one of the few programs of its kind that has been subject to a rigorous evaluation, including an assessment of effects on participants' children.

This is the final report in an independent evaluation of Jobs First conducted by the Manpower Demonstration Research Corporation (MDRC), under contract with the Connecticut Department of Social Services (DSS). The evaluation was also funded by the U.S. Department of Health and Human Services, the Ford Foundation, the Smith Richardson Foundation, and other organizations listed at the front of the report.

Jobs First limits families to 21 cumulative months of cash assistance unless they receive an exemption or extension. The program also includes unusually generous financial work incentives and requires recipients to participate in employment-related services targeted toward quick job placement. Jobs First operates statewide, but this study focused on two welfare offices, Manchester and New Haven, which together include about one-fourth of the state's welfare caseload.

To assess what difference Jobs First made, the study compared the experiences of two groups of people: the *Jobs First group*, whose members were subject to the welfare reform policies, and the *Aid to Families with Dependent Children (AFDC) group*, whose members were subject to the prior welfare rules. To ensure that the groups would be comparable, about 4,800 welfare applicants and recipients were assigned at random to one or the other group between January 1996 and February 1997. Because the two groups had similar kinds of people, any differences that emerged between the groups during the study's four-year follow-up period can reliably be attributed to Jobs First rather than to differences in personal characteristics or changes in the external environment. These differences are referred to as *impacts* or *effects*.

The Jobs First evaluation differs from many earlier random assignment studies in which individuals subject to a mandatory welfare-to-work program were compared with people in a control group who were not required to participate in employment services (but could do so voluntarily). In this case, members of the AFDC group were subject to the program that existed before Jobs First began, which included some emphasis on employment and self-sufficiency and provided some employment-related services to recipients but was less mandatory than Jobs First. Thus, the study is assessing what difference Jobs First made above and beyond the effects of the state's previous welfare-to-work program. (In October 2001, after the follow-up period for this

study, Connecticut implemented substantial changes in Jobs First.¹ This report does not evaluate the new policies.)

II. Findings in Brief

The Jobs First evaluation was conducted during a period characterized by unusually low unemployment rates, a decline of almost 60 percent in Connecticut's welfare caseload, and publicized changes in state and national welfare policies. These factors shaped the outcomes for the AFDC group, many of whom found jobs and left welfare without the program, creating a high benchmark for Jobs First to surpass. In addition, while the key components of Jobs First were put in place in Manchester and New Haven, start-up problems and specific features of the program design prevented it from being implemented¹ very intensively. Thus, the evaluation results represent a conservative estimate of the program's potential. Nevertheless, Jobs First produced several important effects:

- ❑ **Just over half the Jobs First group reached the time limit during the study period. About two-thirds of those recipients received an extension of their benefits, generally because they had very low income and were deemed to have made a good-faith effort to find work.**

Over the four-year period, roughly one-third of Jobs First group members' cases were closed because of the time limit. Most parents whose grant was closed because of the time limit were working. Although some people received multiple extensions of benefits, the vast majority of cases that received an extension on reaching the time limit were no longer receiving benefits three years later.

- ❑ **On average, over the four-year study period, Jobs First increased employment, earnings, and income and did not affect cash assistance receipt.**

Over four years, Jobs First group members earned an average of about \$1,800 (7 percent) more than their AFDC group counterparts. The two groups received about the same amount in average cash assistance benefits, but the Jobs First group received a little more in Food Stamp payments. Over the study period, the Jobs First group had about \$2,400 (6 percent) more total income from earnings, cash assistance, and Food Stamps, compared with the AFDC group.

- ❑ **Jobs First made progress toward its key goal of replacing welfare with work. By the end of the four-year period, Jobs First group members were more likely to be working and less likely to be receiving welfare than their AFDC group counterparts.**

The pattern of Jobs First's effects changed over time. In Jobs First, all earned income is disregarded (not counted) in calculating recipients' cash grants (and Food Stamp benefits) as long as that income is below the federal poverty level. This allows working parents to retain

¹Changes include limiting the circumstances under which recipients can be granted more than three 6-month benefit extensions and imposing a new 60-month limit.

their full cash grant in months in which their income would have made them ineligible for assistance under the prior (AFDC) rules. As a result, before anyone reached the time limit, Jobs First increased the fraction of people receiving cash assistance. It increased average annual cash assistance payments during the first two years of the follow-up period by 16 percent (\$558). The program also increased employment and earnings in the pre-time-limit period. Because Jobs First participants had both higher earnings ~~and~~ higher public assistance payments, their average total income from these sources was 12 percent higher than the AFDC group average during the two years following study entry.

When members of the Jobs First group began to reach the time limit, the program began to decrease cash assistance receipt and payments. By the end of the four years, only 19 percent of the Jobs First group were receiving welfare, compared with 28 percent of the AFDC group. Employment and earnings gains continued throughout the period, but because of the cash assistance reductions, the income gains diminished: In the last three months of the study period, the two groups' average income from earnings, cash assistance, and Food Stamps was almost identical, although a larger fraction of the Jobs First group than of the AFDC group were working and not on welfare (51 percent, compared with 42 percent).

□ The program's impacts on employment and earnings were concentrated among individuals facing greater barriers to employment.

Among individuals who were long-term welfare recipients, had no recent work history, and did not have a high school diploma making up 12 percent of study participants the Jobs First group had about \$3,600 (37 percent) more earnings than the AFDC group over four years. After people began reaching the time limit, the program substantially decreased welfare payments for this subgroup.

In contrast, Jobs First had little effect on employment and no effect on earnings among individuals with the fewest barriers to employment (high school graduates with recent work history who were not long-term welfare recipients). The program's primary impact for this subgroup was to allow those who would have worked anyway to continue receiving public assistance in the pre-time-limit period, thereby raising their income. After they began reaching the time limit, Jobs First began to reduce welfare receipt.

□ Like most programs studied, Jobs First had no consistent effect on a wide range of indicators of material well-being. Levels of hardship remained high for families in both groups.

According to responses to a survey administered three years after sample members' entry into the study, Jobs First produced no impacts on a wide range of measures of material hardship, although it had a mixed effect on living conditions. Relative to the AFDC group, the Jobs First group reported fewer problems in their neighborhood during the year before they were interviewed, suggesting that some may have moved to better neighborhoods. At the same time, they were also more likely to have been homeless during the year before their interview. Although the level of homelessness in each of the research groups was low (2 percent of the AFDC group and 3 percent of the Jobs First group), the increase is of concern. Analysis found that some of the Jobs First group members who became homeless had rather steep drops in income during the

year before the interview, possibly as a result of Jobs First policies such as sanctioning (benefit reductions because of noncompliance with program rules) and the time limit.

- ❑ **Jobs First had a few positive effects on the behavior of elementary school children, concentrated among 5- to 8-year-olds, and had mixed effects for adolescents.**

Among children who were 5 to 12 years old at the end of the third year of follow-up, Jobs First children were more likely than their AFDC peers to be in child care. Parents (but not teachers) reported that Jobs First children exhibited fewer behavioral problems and more positive behaviors; these effects were concentrated among children who were 5 to 8 years old. According to parents' and teachers' ratings, Jobs First did not affect performance or engagement in school for 5- to 12-year-olds.

Among children 13 to 17 years old, Jobs First had both positive and negative effects. Unlike most similar programs studied, Jobs First increased the use of child care for adolescents, primarily after school, from grandparents. Parents reported that adolescents in the Jobs First group were less likely than those in the AFDC group to have been convicted of a crime. They also reported, however, that adolescents in Jobs First had lower school achievement than those in the AFDC group.

- ❑ **Over five years, the government's investment in Jobs First was not offset by decreased welfare payments. The investment generated substantial gains in income and services for Jobs First participants.**

The program's net cost for employment services and related support services — the cost of these services over and above what was spent on the AFDC group — was only about \$2,250 per person over five years. This is relatively low compared with the cost of other welfare-to-work programs, because most Jobs First participants took part in short-term job search activities. The government also spent more on Jobs First group members, compared with the AFDC group, for Food Stamps and Medicaid benefits. These investments were not offset by welfare savings, because the Jobs First and AFDC groups received about the same amount in welfare payments. In sum, relative to the AFDC program, Jobs First cost the government about \$4,150 per person over five years. Program participants gained income from increased earnings and Food Stamp payments and lower tax payments (because of the Earned Income Credit). They also received more child care assistance, Medicaid benefits, and employment-related fringe benefits.

III. Implications of the Evaluation's Findings

The Jobs First evaluation provides some of the first information on the implementation and impacts of a welfare reform strategy that included a time limit on benefit receipt. On average, Jobs First's combination of employment and support services, generous work incentives, and time limits increased employment and earnings and, after people began reaching the time limit, decreased cash assistance receipt. As a result, the program increased the proportion of people who worked and did not receive welfare. Jobs First also modestly increased participants' income, although this was not an explicit program goal. Importantly, the Jobs First experience shows that,

at least under certain circumstances, time limits can be implemented without causing the widespread severe consequences predicted by some critics of the policy. Then again, the program did not substantially improve families' well-being, as some proponents of time limits had hoped.

When drawing conclusions based on the Jobs First evaluation, however, it is important to remember that the program is an unusual hybrid and was implemented in a specific manner. First, Jobs First has one of the shortest time limits in the nation, but, during the period studied, those who had very low income when they reached the limit typically received benefit extensions. Second, the program includes an unusually generous earned income disregard, which allowed many working parents in the study to retain their entire welfare grant at least temporarily. Third, Jobs First provides employment-services to help people find jobs, but the program was not implemented very intensively. The effects of Jobs First reflect the complex interactions of these components. Finally, the evaluation period was characterized by an unusually strong economy, which likely fostered job-finding and helped reduce the chances that Jobs First would harm vulnerable families.

Summary Report

Connecticut's Jobs First program is a statewide welfare reform initiative that began operating in January 1996. In implementing Jobs First, Connecticut was one of the first states to impose a statewide time limit on the receipt of cash assistance; under the program, families are limited to 21 months of cash assistance unless they receive an exemption or extension. The program also includes unusually generous financial work incentives and requires recipients to participate in employment-related services targeted toward quick job placement. Jobs First was initiated under waivers of federal welfare rules that were granted before the passage of the 1996 federal welfare law, but it includes all the features that are central to most states' current welfare programs. Thus, the Jobs First evaluation is one of the first rigorous assessments of a statewide program that incorporates the key welfare reforms of the 1990s and can provide important, timely lessons for other states and for policymakers. (In October 2001, after the follow-up period for this study, Connecticut implemented substantial changes in Jobs First, including changes in the time-limit rules. This report does not evaluate the new reforms.)

The Connecticut Department of Social Services (DSS), the agency that administers Jobs First, contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct a multifaceted evaluation of the effectiveness of the program. MDRC is a nonprofit, nonpartisan organization with over a quarter-century's experience designing and evaluating programs and policies for low-income individuals, families, and communities. The U.S. Department of Health and Human Services, the Ford Foundation, and the Smith Richardson Foundation also funded the evaluation; the agencies and foundations listed at the front of this report supported the analysis of Jobs First's effects on children. The study focused on two welfare offices — Manchester and New Haven — which together include about one-fourth of the state's welfare caseload.

To assess what difference Jobs First made, the study compared the experiences of two groups of people: the *Jobs First group*, whose members were subject to the welfare reform policies, and the *Aid to Families with Dependent Children (AFDC) group*, whose members were subject to the prior welfare rules. To ensure that the groups would be comparable, between January 1996 and February 1997, about 4,800 welfare applicants and recipients were assigned at random to one or the other group. Because the two groups had similar kinds of people, any differences that emerged between the groups during the study's follow-up period — for example, in employment rates or average cash assistance receipt — can reliably be attributed to Jobs First rather than to differences in personal characteristics or changes in the external environment. These differences are referred to as *impacts* or *effects*.

This is the final report in the Jobs First evaluation.¹ It summarizes the implementation of Jobs First and presents information on the program's impacts measured over four years after sample members entered the study — well beyond the point when Jobs First group members began reaching the time limit. It also uses data from a large-scale survey to assess Jobs First's ef-

¹Reports completed in 1997 and 1998 examined the implementation of Jobs First during its first two years of program operations. Reports completed in 2000 and 2001 updated the implementation story and presented information on the impacts of Jobs First over three years. Other reports examined the experiences of families who left welfare because of time limits or other reasons.

fects on such key outcomes as housing status and health insurance coverage as well as its effects on participants' children. Finally, the report describes the results of a benefit-cost analysis, which compares Jobs First's financial benefits and costs for participants and for government budgets.

I. Background: Jobs First and the Evaluation

A. The Jobs First Program Model

In implementing the Jobs First program, Connecticut intended to "begin a transformation of [its] welfare program from a system of dependency to one of personal responsibility and self-support. . . . [T]he underlying philosophy is that employment, whether full time or part time, high skilled or low, offers clients the dignity that no AFDC check can." Jobs First replaced the state's AFDC program with Temporary Family Assistance (TFA) and significantly modified benefits and services. Table 1 describes various features of Jobs First as it operated during the study period, along with the prior policies that applied to the AFDC group.² The key features are:

- ❑ **A time limit.** Jobs First limits families to a cumulative total of 21 months of cash assistance receipt. Certain families, such as those in which the parent is incapacitated, are exempt from the time limit. (As long as the exemption applies, months of benefit receipt do not count toward the limit.) In addition, recipients who reach the time limit may receive renewable six-month extensions of their benefits if they have made a good-faith effort to find employment but have family income below the welfare payment standard, the maximum monthly grant for their family size. (After the follow-up period for the evaluation, Connecticut began limiting the number of extensions recipients can receive. This and some other recent policy changes are described briefly below.) Families whose cases are closed but who have income below the payment standard are referred to the Safety Net, a program administered by nonprofit organizations that provides services and supports in order to prevent harm to children in such families.
- ❑ **An enhanced earned income disregard.** To encourage and reward work, Jobs First includes an unusually generous earned income disregard policy: All earned income is disregarded—that is, not counted—when calculating recipients' cash grants (and Food Stamp benefits) as long as their earned income is below the federal poverty level (which was \$1,138 per month for a family of three in 1998, around the midpoint of the study period). In other words, recipients can earn up to one dollar below the poverty level and continue to receive their full cash assistance grant. They become ineligible for cash assistance if their earnings are at or above the poverty level. In 1998, a parent with two

²As noted above, Jobs First operates statewide. Thus, once Jobs First began, the AFDC program operated only in the study sites, Manchester and New Haven, for the purpose of the random assignment evaluation. After the follow-up period for this evaluation, all AFDC group members who were receiving cash assistance were phased into the Jobs First program (this began in March 2001).

Connecticut's Jobs First Program

Table 1

Comparison of Jobs First and AFDC Policies During the Study Period

Characteristic	Jobs First Policies	AFDC Policies
Time limit	21 months, with possibility of extensions	None
Benefit increase for children conceived while mother receives welfare	\$50 per month	Approximately \$100 per month
Earned income disregard for cash assistance	All earned income disregarded (not counted) in calculating recipient's grants as long as earnings are below federal poverty level	First 4 months of work: \$120 plus 33 percent of earnings disregarded; months 4-12: \$120 disregarded; after month 12: \$90 disregarded; fill-the-gap budgeting
Earned income disregard for Food Stamps	Federal poverty level disregard while family receives cash assistance	20 percent of gross earnings disregarded, in accordance with regular Food Stamp rules
Cash assistance eligibility for two-parent families	Similar nonfinancial eligibility rules for single- and two-parent families	Two-parent families subject to special nonfinancial eligibility criteria (e.g., that principal wage-earner work fewer than 100 hours per month)
Asset limit for cash assistance eligibility ^a	\$3,000	\$1,000
Value of vehicle excluded in counting assets for cash assistance eligibility ^a	Up to \$9,500 in equity value of one vehicle excluded	Up to \$1,500 in equity value of one vehicle excluded
Medical assistance for families leaving welfare for work	Two years of transitional Medicaid; coverage beyond that point depends on eligibility for other programs	One year of transitional Medicaid; coverage beyond that point depends on eligibility for other programs
Child care assistance for families leaving welfare for work	Assistance provided as long as income is below 75 percent of state median	One year of transitional child care; assistance beyond that point depends on eligibility for other programs
Exemptions from employment-related mandates for recipients with young children	Parent exempt if caring for child under age 1 who was not conceived while mother received welfare	Parent exempt if caring for child under age 2
Child support rules	All child support passed through to custodial parent; first \$100 a month disregarded in grant calculation	First \$50 in child support passed through to custodial parent and disregarded in grant calculation
Sanctions for failure to comply with employment-related mandates	1 st instance: grant reduced by 20 percent for 3 months; 2 nd instance: grant reduced by 35 percent for 3 months; 3 rd instance: grant canceled for 3 months	1 st instance: adult removed from grant until compliance; 2 nd instance: adult removed from grant for at least 3 months; 3 rd instance: adult removed from grant for at least 6 months

SOURCE: Connecticut Department of Social Services policy materials.

NOTES: This table reflects Jobs First policies in early 2001, when the study period ended.

^aBecause cash assistance recipients are categorically eligible for Food Stamps, these asset rules effectively apply to Food Stamp eligibility while a family receives Temporary Family Assistance (TFA).

children who was working 40 hours per week at \$6.25 per hour would have \$688 more in total monthly income under Jobs First than under AFDC, a substantial financial gain. Connecticut selected this disregard policy in large part because it is simple and straightforward to explain to recipients and to administer.

- **Mandatory "work first" employment services.** Unless they were exempt, most Jobs First group members were required to look for a job, either on their own or through Job Search Skills Training (JSST) courses that teach job-seeking and job-holding skills. Education and training were generally restricted to those who were unable to find a job despite lengthy up-front job search activities. Recipients who failed to meet these requirements could be sanctioned. During the first 21 months of assistance, sanctions involve reducing their welfare grant or closing their case for three months. The penalties become stricter after the time limit: A single instance of noncompliance during an extension may result in *permanent* discontinuance of the entire welfare grant (the "one-strike" policy).

Jobs First policies called for other changes in traditional welfare rules. For example, the program imposes a partial "family cap": When a recipient gives birth to a child who was conceived while she was receiving welfare, her benefits are increased by about half as much as they would have been under prior rules. In addition, Jobs First participants receive two years of transitional Medicaid coverage after leaving welfare while employed (as opposed to the one year of coverage provided under prior law).

Jobs First also changed some key rules about the interaction between child support payments and welfare benefits. First, all child support collected on behalf of children receiving assistance in Jobs First is given directly to the custodial parent. Under prior rules, when child support was collected, the welfare recipient received a check for the first \$50 that was collected each month (or less than \$50 if less was collected), in addition to her regular welfare check. Any additional child support was retained by the state as reimbursement for welfare costs. Therefore, under the old rules, recipients may not have known how much support had been paid. Second, when calculating the cash grant amount in Jobs First, the first \$100 of child support collected is disregarded — not counted as income; under AFDC, only the first \$50 of child support was disregarded. In other words, recipients in Jobs First can receive more in child support before the payments begin to reduce the amount of their welfare grant. These changes were designed to make it easier for recipients to see how much support is collected for their children and to provide a greater financial incentive to cooperate with child support enforcement efforts. Electronic Benefit Transfer (EBT) replaced check issuance in 1997, making the support component less visible, although parents who receive child support also receive a notice telling them how much was paid.

Connecticut instituted some changes in Jobs First policy that took effect in October 2001. Although they occurred after the follow-up period for this evaluation, two key changes are worth noting briefly. First, families who reach the 21-month time limit are now limited to three 6-month extensions of their benefits, unless they meet certain criteria (which include being a victim of domestic violence or having two or more barriers to employment, such as lacking affordable child care or having learning disabilities or severe physical or mental health problems). It is un-

clear how this will play out in practice, because some of the criteria may be difficult to confirm and, likewise, difficult to rule out. Second, spurred by federal law (discussed below), the state has begun to enforce a 60-month time limit on benefit receipt that allows few exceptions.

B. Jobs First's Policy Significance

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), enacted in August 1996, abolished the AFDC program, created the Temporary Assistance for Needy Families (TANF) block grant, and prohibited states from using federal TANF funds to support most families for more than 60 cumulative months (although states may exempt up to 20 percent of the caseload from this provision). States may establish time limits of fewer than 60 months and also may use state funds to support families who pass the federal 60-month limit and exceed the cap on exemptions. As of late 2001, 17 states, including Connecticut, had imposed time limits that could result in cancellation of a family's entire welfare grant after fewer than 60 months of assistance, but only six of these states had imposed *lifetime* time limits of fewer than 60 months. Twenty-six states have imposed a 60-month time limit, and another eight states either have no time limit or a limit that will reduce rather than eliminate families' benefits.³

Although PRWORA made major changes in the structure and funding of public assistance programs, most of the specific policies that the law encourages states to adopt were already being implemented as part of state waiver initiatives. By mid-1996, more than 40 states had been granted waivers of federal AFDC rules that enabled them to implement a variety of measures designed to increase employment and self-sufficiency among welfare recipients. More than 30 states had received waivers to implement some form of time limit in at least part of the state. Thus, these states' experiences foreshadow the likely results of the 1996 law.

Connecticut's Jobs First program is one of the most important initiatives undertaken under waivers because it includes both some of the most stringent and some of the most generous provisions of any state welfare reform program. Notably, its 21-month time limit is one of the shortest lifetime limits in the nation. (In assessing a state's time-limit policy, however, it is important to understand the design and implementation of exemption and extension policies; Connecticut's are discussed further below.) In other respects, Connecticut's welfare policies are unusually generous. As noted, Jobs First includes a financial work incentive that is both liberal and distinctive in its design: *All* earned income is disregarded — that is, not counted — when calculating recipients' monthly welfare grants as long as their earnings are below the federal poverty level. Although most states have enhanced earned income disregards, few policies, if any, are as generous as Connecticut's. Jobs First provides important evidence on earned income disregards and on the complex interaction between disregards and time limits.

PRWORA is scheduled to be reauthorized in 2002. The nature of the federal five-year time limit undoubtedly will be central in the reauthorization debate. Because families did not begin reaching the federal 60-month time limit until September 2001,⁴ at the time this report was

³State Policy Documentation Project, administered by the Center on Budget and Policy Priorities and the Center on Law and Social Policy (www.spdp.org).

⁴The federal 60-month time-limit clock began when each state implemented its TANF program. The first states to implement TANF did so in October 1996.

written, substantial numbers of recipients had reached time limits in only a few states. One analysis estimated that, as of early 2001, about 85,000 families nationwide had had their welfare benefits canceled owing to a time limit, and nearly half of them were in Connecticut (although, as discussed below, most of these families in Connecticut were already employed when they reached the time limit).⁵ The experiences of states with short time limits will provide some hints as to what will happen when families reach the federal limit. It is critical to note, however, that states are not restricted from using federal funds to support families who exceed time limits of fewer than 60 months. Indeed, a number of states have been fairly liberal in granting extensions to the shorter limits. States may respond differently when they are no longer able to spend federal funds on a given family. In fact, as illustrated by recently enacted policy reforms, Connecticut intends to enforce its 60-month lifetime limit much more strictly than it has its 21-month limit.

C. The Evaluation

The Jobs First evaluation was initially required as a condition of the federal waivers that allowed Connecticut to operate the program. Then, in 1997, Connecticut received enhanced federal funding from the U.S. Department of Health and Human Services to support continuation of the study. The state later received a second federal grant to expand the study to examine Jobs First effects on children.

The evaluation has three major components:

- **Implementation analysis.** This component examines how Jobs First operated in the research sites. It assesses whether Jobs First policies translated into concrete changes in the day-to-day operations of the welfare system, and it identifies obstacles that were encountered. This information is needed in order to understand the impact results, and it may also help DSS identify ways to improve program performance.
- **Impact analysis.** This part of the study provides estimates of the changes that Jobs First generated in employment rates and earnings, rates and amounts of welfare receipt, family income, the extent of welfare dependency, child well-being, and other outcomes, relative to outcomes under the welfare system that preceded it (as represented by the AFDC group).
- **Benefit-cost analysis.** This analysis uses data from the impact study, along with fiscal data, to compare the financial benefits and costs generated by Jobs First for both taxpayers and eligible families.

This report uses computerized administrative records data provided by the state to measure monthly AFDC/TFA and Food Stamp benefits and quarterly earnings in jobs covered by Connecticut's unemployment insurance (UI) system for all 4,803 sample members. The records data are supplemented by a survey of 2,424 Jobs First and AFDC group members, which was conducted about three years after each person's date of random assignment. (A few of the findings presented in this report are from a smaller survey administered 18 months after random as-

⁵Based on unpublished data from the Center on Budget and Policy Priorities.

signment.) Finally, data on the program's implementation were obtained by interviewing the staff and supervisors, observing program activities, and reviewing relevant documents.

Readers should bear in mind three key features of the study design. First, almost all results in this report are drawn from the two research sites and thus may not represent the implementation or impacts of Jobs First in other offices in Connecticut.

Second, many earlier studies of welfare-to-work programs compared the experiences of people in the program with people in a control group who did not receive any employment-related services from the welfare department. This evaluation compares Jobs First with the AFDC policies that were in place just before the program began, which already included some emphasis on employment and self-sufficiency and some employment-related services for welfare recipients. Thus, the study's impact analysis is measuring the effects of Jobs First over and above what was already achieved by earlier policies.

Third, although the study design was well implemented, it seems likely that the behavior of the AFDC group was influenced to some extent by the intense focus on welfare reform at the state and federal levels over the past few years. This suggests that the study may not capture the full impact of Jobs First.⁶

D. The Evaluation's Context

Connecticut is a medium-size state with high per capita income but several very poor urban areas. The state's welfare grant levels (\$543 for a typical family of three) are high by national standards but slightly lower than those in most nearby states. Approximately 60,000 families were receiving cash assistance statewide when Jobs First began in 1996. The caseload declined modestly until late 1997, when recipients began reaching the 21-month time limit, and then started dropping quickly. By December 2000, the end of the follow-up for most of the analyses in this report, fewer than 25,500 families remained on welfare in Connecticut—a 58 percent decline from the start of the study.

Jobs First has been implemented in an extremely healthy economic climate, with a strong labor market. When the program began in 1996, Connecticut's unemployment rate was 5.7 percent, about the national average. Over the follow-up period, the state's rate dropped substantially below the national rate, which had also declined. By 2000, Connecticut's rate was only 2.3 percent, the second-lowest unemployment rate in the nation.⁷

The two Jobs First evaluation research sites were chosen in part because they represent two quite different environments. New Haven, the third-largest city in the state, is one of the poorest cities in the United States: The median household income in 1990 was only about \$26,000, and the poverty rate was about 21 percent. In contrast, Manchester covers a less populous, more suburban area near Hartford. In 1990, the median household income in Manchester was about \$40,000, and the poverty rate was only 4 percent. About 20 percent of the statewide

⁶In addition, the study was not designed to measure whether Jobs First affected the number of people who applied for welfare; it captures only the effects on individuals who did apply or were already receiving benefits.

⁷In 2000, Virginia's unemployment rate was 2.2 percent.

welfare caseload are served by the New Haven DSS office, and about 6 percent are served by the Manchester office. Correspondingly, about three-fourths of the sample for the Jobs First evaluation are from the New Haven office.

II. Evaluation Results

A. Jobs First's Implementation in the Research Sites

MDRC studied the implementation of Jobs First in order to understand how it differed from the AFDC program.⁸ Key findings include:

- **Jobs First group members heard a more employment-focused message from welfare staff than did AFDC group members. In addition, staff successfully informed recipients about the key features of Jobs First.**

A series of questions on the Interim Client Survey, which was administered about 18 months after people were randomly assigned, examined the messages that respondents heard from the welfare system and generally found large differences between the groups.⁹ More than two-thirds of Jobs First group members said that staff urged them to get a job as quickly as possible, told them that working would improve their financial situation, and emphasized that they could keep part of their welfare grant if they went to work. Not surprisingly, a somewhat smaller proportion of the Jobs First group (just over half) reported that staff urged them to get off welfare quickly. In brief, recipients were urged to take advantage of the enhanced earned income disregard and thus to combine welfare with work. A much smaller proportion of AFDC group members reported hearing similar messages.

Nearly 90 percent of Jobs First group respondents reported that they were subject to a time limit, and most knew its length. Just over 20 percent of AFDC group respondents reported that they were subject to a time limit. Some of them (roughly one-quarter) were correct — they had moved away from the research sites and become subject to Jobs First policies — but many had received erroneous information from the media, staff, family members, or other sources. This means that the evaluation results probably understate the impact of the Jobs First time limit on recipients' behavior, especially during the period before recipients could have reached the limit.

- **Jobs First group members were somewhat more likely than AFDC group members to participate in employment-related activities, particularly activities focused on quick job placement.**

Figure 1 shows the rates of participation in employment-related activities for Jobs First and AFDC group members in the three years after each person's date of random assignment. These findings, from the Three-Year Client Survey, include activities arranged by the welfare

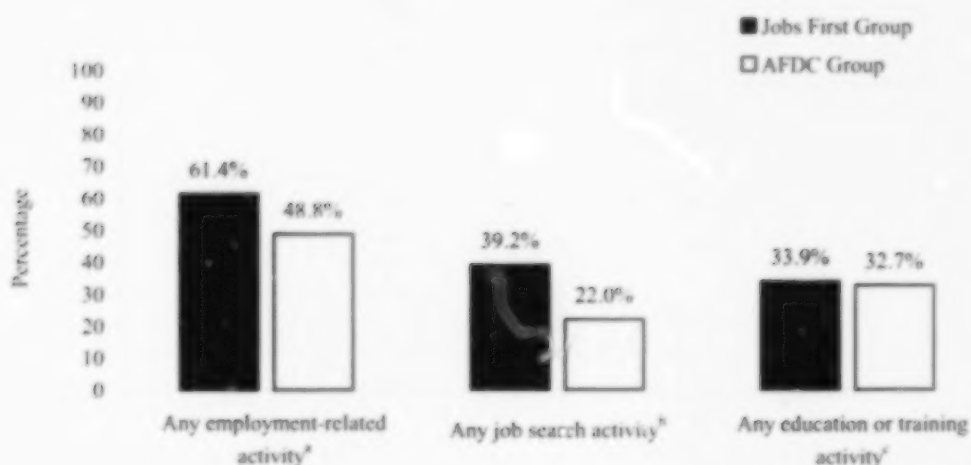
⁸The majority of sample members had their most intensive contact with Jobs First during the first four years of the program's operations, from 1996 through 1999; thus, the implementation analysis focused on this period.

⁹Results from the Three-Year Client Survey were similar. This report presents results from the earlier, interim survey because it was administered when more sample members were receiving cash assistance and were exposed to the program's message.

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Figure 1

Self-Reported Rates of Participation in Employment-Related Activities Within a Three-Year Follow-Up Period



SOURCE: MDRC calculations from the Three-Year Client Survey.

NOTES: ^aThe bars show the percentages of Jobs First and AFDC group members who participated in job search activities, education and training, work experience, or on-the-job training within three years following their date of random assignment.

^bIncludes Job Search Skills Training (JSST), Self-Directed Job Search (SDJS), job clubs, and other programs that require and assist people to look for employment.

^cIncludes Adult Basic Education (ABE), GED preparation, English as a Second Language (ESL), college, vocational training, and other education or training-oriented activities.

department as well as those not arranged by the department (for example, activities in which people participated after they left welfare).

The figure shows that members of both groups were quite likely to report that they had participated in at least one employment-related activity during the three years. However, as expected, Jobs First increased this participation: 61 percent of Jobs First group members had taken part in at least one activity, compared with 49 percent of the AFDC group. This likely reflects the fact that a smaller proportion of Jobs First group members were exempt from participation mandates and that mandates were enforced more vigorously for the Jobs First group. (In practice, AFDC group members generally were not required to participate in employment-related activities, as had been true prior to Jobs First.) Despite the modest increase in participation in employment-related activities, Jobs First group members were only slightly more likely than AFDC group members to agree that they had received services that enhanced their long-term employability. The vast majority of both groups either participated in an employment-related activity or worked at some point during the three-year follow-up (88 percent of Jobs First group members and 79 percent of AFDC group members; these numbers are not shown on the figure).

Consistent with the program model, the overall difference in participation rates was driven by an increase in participation in job search activities. Because the job search activities were fairly brief, these findings imply that Jobs First group members were very likely not to have been continuously active in employment-related activities throughout their time on welfare.

About 8 percent of Jobs First group members and 5 percent of AFDC group members had their benefits reduced owing to a sanction for failing to comply with employment-related mandates within four years after random assignment.¹⁰ A comprehensive look at sanctions should also include data on sanctions incurred during extensions, when noncompliance results in benefit termination. MDRC did not have complete data on that type of case closure, but it is estimated that about 5 percent of Jobs First group members had their benefits canceled for noncompliance during an extension. Thus, the overall sanctioning rate for the Jobs First group was probably about 13 percent, lower than the rates measured in many similar studies.

The relatively low sanctioning rate for the Jobs First group probably reflects the modest scope of the employment-related requirements (that is, most recipients were not required to participate in many activities) and the fact that participation was not closely monitored (see below). In sum, the welfare-to-work component of Jobs First was different from that in the AFDC program, but not dramatically so.

- **Although the key components of Jobs First were put in place in Manchester and New Haven, start-up problems and specific features of the program design prevented them from being implemented very intensively.**

¹⁰During the study period, in Jobs First a recipient's cash grant was reduced by 20 percent for three months in response to the first instance of noncompliance and by 35 percent for three months in response to the second instance. A third instance resulted in cancellation of the entire grant for three months. Under AFDC, a sanction removed the noncompliant individual from the grant.

As noted earlier, program staff successfully informed most Jobs First group members about the key elements of the new policy and referred most recipients to employment services designed to move them quickly into work. In addition, DSS revised its statewide public assistance computer system to track recipients' time-limit clocks and implement the enhanced earned income disregard and other changes in eligibility rules.

At the same time, Jobs First, like virtually all new programs, experienced implementation problems. For example, the New Haven office in particular faced persistent difficulties monitoring recipients' participation in employment activities, in large part because there were not effective systems in place to obtain attendance reports from contracted service providers. These problems emerged early on, when employment services were mostly provided by private organizations working under contract to DSS. Monitoring problems persisted, however, after responsibility for employment services was shifted in mid-1998 to the Connecticut Department of Labor, Regional Workforce Development Boards, and their subcontractors. The problems persisted further after another statewide shift, in late 1999, when the boards began contracting with community-based organizations to provide case management services. These various shifts in service provision also meant that Jobs First never experienced a stable period of operations.

Start-up problems were particularly likely to arise in Jobs First because the program was implemented in a challenging environment. The program called for radical changes in the mission and activities of Connecticut's welfare system but was put in place statewide from its inception, with little time for planning. In addition, a variety of other major statewide initiatives consumed the time and energy of the staff and managers responsible for Jobs First, and the program itself was revised in significant ways.

Other implementation issues were related to the program design. For example, unlike some other state welfare reforms, Jobs First was implemented with virtually no increases in staffing, despite a large increase in the number of recipients who were expected to move toward self-sufficiency. To facilitate serving larger numbers of people, Jobs First was designed so that staff and recipients did not necessarily interact frequently. Most recipients were initially informed about the time limit and the enhanced earnings disregard and were strongly urged to seek work, but contact between recipients and staff in the subsequent months was limited, and thus staff had relatively few opportunities to reinforce these messages. Large caseloads also contributed to the monitoring problems described above. Finally, the key tasks — tracking participants' activities, assisting individuals with serious problems, and transmitting a clear, consistent program message — all became more challenging as an increasingly complex organizational structure developed to implement the various aspects of Jobs First. Because of all these factors, the results from this evaluation probably represent a conservative estimate of the Jobs First model's potential.

B. The Jobs First Time Limit

MDRC examined the implementation of the Jobs First time limit in detail. Key findings include:

- **Just over half the Jobs First group reached the time limit within the evaluation's follow-up period.**

MDRC examined the Jobs First group's patterns of receipt of Temporary Family Assistance (TFA) during the four years following study entry. The analysis found that 29 percent of the group reached the time limit 21 months after their random assignment date; that is, they received TFA benefits continuously and were never exempt. Fifty-three percent of the Jobs First group reached the time limit within four years after enrollment; thus, just under half still had months remaining on their time-limit clock. Most of these individuals had left welfare; others were exempt from the time limit for at least part of the period they received benefits.

As discussed below, many of those who reached the time limit received an extension and were allowed to continue receiving benefits. Thus, overall, roughly one-third of Jobs First group members' cases were closed because of the time limit within the four-year follow-up period, and most were working at that point.

- **Among Jobs First group members who reached the time limit, about two-thirds received an extension of their benefits at that point or later. Few of them, however, were still on the rolls three years after reaching the time limit.**

MDRC examined a randomly selected group of 100 cases that reached the time limit by the middle of the follow-up period for this report. (Analysis not shown found that the proportion of Jobs First group members who received an extension when they reached the time limit was relatively constant over time. Using a sample who reached the time limit by the middle of the follow-up allows the analysis to track subsequent TFA receipt for an extended period, which sheds some light on multiple benefit extensions.) Figure 2 shows the outcomes for these cases during the 36 months after they reached the limit.

Recipients were called in for an "exit interview" during their twentieth month of cash assistance in order to determine whether they would receive an extension or have their case closed. Figure 2 shows that 55 of the 100 recipients studied were granted a six-month extension when they reached the time limit (two other cases were granted an exemption at that point). All 55 were granted an extension because they had income below the payment standard and were deemed to have made a good-faith effort to find work. Interviews with program staff indicated that many of the people who were granted an extension had not been closely monitored during the pre-time-limit period; in accordance with the program rules, however, they were assumed to have made a good-faith effort because there was no evidence to the contrary. (In general, a good-faith effort was assumed as long as the recipient was not sanctioned more than once and did not quit a job without "good cause" in the final six months of assistance.)

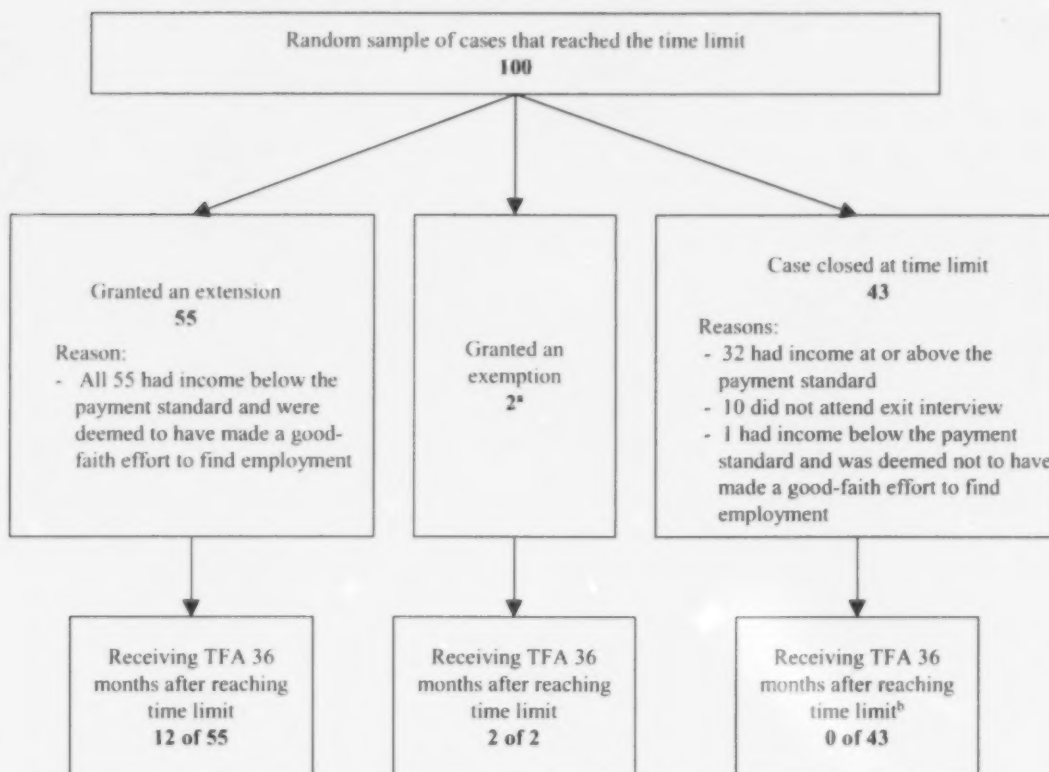
During the study period, there was no limit on the number of six-month extensions a family could receive. Nevertheless, 43 of the 55 recipients who initially received an extension were no longer receiving TFA benefits 36 months later. Although recipients in extensions are subject to the one-strike noncompliance policy described earlier, only 5 of the 43 cases were closed because they failed to comply with employment requirements. Most of the others left because they found a job (others moved out of the state or left welfare for other reasons).

As shown in Figure 2, the cases of 43 of the 100 recipients whom MDRC studied were closed at the time limit, and 32 of the 43 were denied an extension because they had income

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Figure 2

Outcomes of 100 Cases That Reached the Jobs First Time Limit



NOTES: This figure is based on a random subset of 100 of the 353 Jobs First group members who reached the time limit by March 1998.

^aTwo cases became exempt immediately following month 21 of TFA receipt. Both were receiving TFA 36 months later.

^bSix of the 43 cases returned to TFA at some point after their case was closed at the time limit, but none was receiving benefits 36 months after the time limit.

above the welfare payment standard. Many of these people would have become ineligible for welfare earlier had it not been for the enhanced earnings disregard. Another 10 had their case closed because they failed to attend their exit interview; it appears that most of these individuals were employed at that point, although not necessarily earning above the payment standard. Nevertheless, their cash assistance and Food Stamp cases were closed because they did not attend the interview (their Medicaid coverage continued if they were reporting earnings to DSS).

Only one of the recipients whose cases were closed had income below the payment standard and was deemed not to have made a good-faith effort. Thus, in all, 57 of the 58 individuals who attended their exit interview and had income below the payment standard were initially granted an extension or exemption.

Recipients whose cases are closed because their income is over the payment standard (as well as those who fail to attend the exit interviews) may be granted an extension later if their income drops below the payment standard and they have made a good-faith effort to find employment (both before reaching the time limit and after). However, of the 43 people in this study whose cases were closed at the time limit, only six ever returned to TFA in the subsequent 36 months. (Thirteen others applied for TFA at some point but did not start to receive benefits; most were found to be financially ineligible or did not complete the necessary paperwork, and two were found to have left a job without good cause.) None of the six Jobs First group members who returned to the rolls at some point were receiving TFA at the end of the 36-month follow-up period for this analysis.

These results show that, in all, 63 of the 100 people who reached the time limit were granted an extension or exemption, either on reaching the limit or at a later point. (A less detailed analysis using administrative records found similar results for the full Jobs First group.)

- **Only a small number of people who reached the time limit had their cases closed despite having income below the welfare payment standard; thus, the number of referrals to the Safety Net program was relatively small.**

Jobs First recipients whose grants are discontinued despite having income below the payment standard (because they are deemed not to have made a good-faith effort to find employment) are referred to the Safety Net program for further assistance. They generally are not eligible for further extensions but can receive assistance again if they become exempt or encounter circumstances beyond their control that prevent them from working. Of the 100 recipients discussed above, 11 had their cases closed despite having income below the payment standard within 36 months of reaching the time limit.¹¹ Since about half the Jobs First group reached the time limit within the study's follow-up period, this indicates that about 5 percent of the entire group were referred to Safety Net. Data collected from the organizations operating the Safety Net program confirm that, indeed, about 5 percent of the Jobs First group were referred for Safety Net services by the end of the study.

¹¹One case was closed for lack of good-faith effort upon reaching the time limit; six were closed for noncompliance during an extension; and four were denied an extension for lack of good-faith effort when reapplying for benefits.

C. Jobs First Impacts on Employment, Public Assistance Receipt, and Other Outcomes

This summary presents the impacts of the Jobs First program over the four years following each sample member's entry into the study. Administrative records of cash assistance receipt (referred to as AFDC/TFA), Food Stamp receipt, and quarterly earnings in UI-covered jobs were available for all 4,803 sample members. Outcomes such as job characteristics, material hardship, and health coverage were examined using survey data, which were available for 2,424 sample members who responded to the Three-Year Client Survey (the survey achieved an 80 percent response rate). Key findings on economic outcomes include the following:

- **On average, over the four-year follow-up period, Jobs First increased employment and earnings and did not affect welfare receipt or payments; thus, the program raised sample members' income.**

As Table 2 shows, over four years, Jobs First increased the average quarterly employment rate by 7 percentage points and increased earnings by about \$1,800 (7 percent). Both of these impacts are statistically significant, as indicated by the asterisks in Table 2. This means it is very likely that Jobs First really affected these outcomes. The program also increased Food Stamp payments but did not change average cash assistance receipt or payments. Over four years, Jobs First increased average total income from earnings, cash assistance, and Food Stamps by \$2,364, or 6 percent.

- **The pattern of results changed over time. During the first part of the follow-up period, before any Jobs First group members reached the time limit, the program increased employment rates, earnings, public assistance receipt, and income.**

Figure 3 illustrates Jobs First's impacts on employment, cash assistance receipt, and average total income from earnings, cash assistance, and Food Stamps. The figure tracks each outcome for both groups, and the distance between graph lines represents the program's impact on each measure.

Employment and earnings. The top panel of Figure 3 shows that Jobs First quickly increased employment and that the impact remained relatively constant throughout the follow-up period. As Table 3 shows, over the first two years of follow-up, 53 percent of the Jobs First group were employed in an average quarter, compared with 45 percent of the AFDC group. This increase in employment was accompanied by an increase in earnings. Jobs First increased average annual earnings by \$419, or 9 percent, over the first two years following random assignment. It is important to note that the earnings figures are overall averages, including both sample members who worked and those who did not. Employed Jobs First group members earned \$9,595 per year, on average, during the first two years of the follow-up period (not shown).

Welfare receipt. The middle panel of Figure 3 shows that Jobs First increased the proportion of sample members receiving cash assistance (AFDC or TFA) during the period before anyone reached the time limit. This is attributable to the enhanced earned income disregard, which allowed many employed Jobs First group members to retain their TFA grant in months in which their income would otherwise have made them ineligible for assistance (that is, if they had

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Table 2

Summary of Impacts on Economic Outcomes over Four Years

Outcome	Jobs First Group	AFDC Group	Difference (Impact)	Percentage Change
Average quarterly employment rate (%)	56.3	49.1	7.2 ***	14.7
Average number of months receiving AFDC/TFA	22.6	23.2	-0.6	-2.7
Average total earnings (\$)	26,673	24,861	1,813 **	7.3
Average total AFDC/TFA payments (\$)	11,064	10,827	237	2.2
Average total Food Stamp payments (\$)	6,133	5,819	314 **	5.4
Average total income from earnings, AFDC/TFA, and Food Stamps (\$)	43,870	41,506	2,364 ***	5.7
Sample size (total = 4,773)	2,381	2,392		

SOURCES: MDRC calculations using Connecticut Unemployment Insurance (UI) earnings records, AFDC/TFA records, and Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC/TFA or Food Stamps.

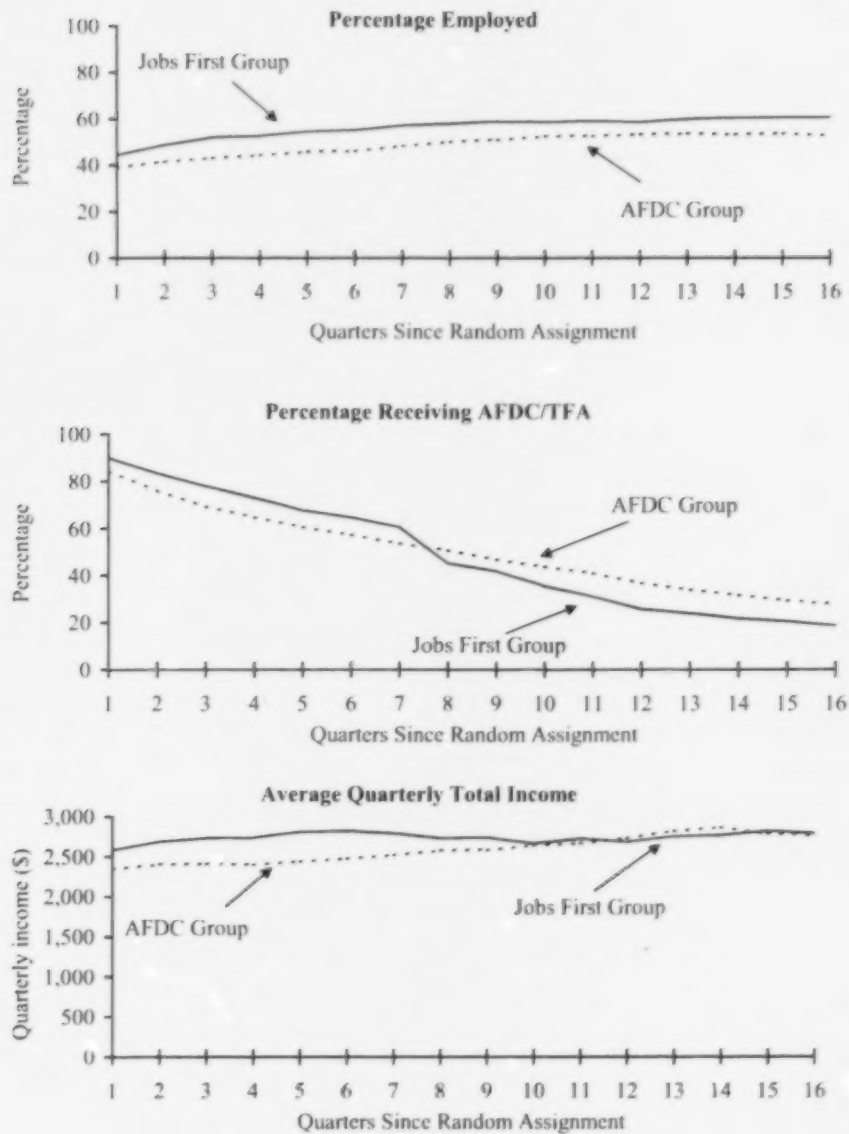
A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.

A total of 30 sample members were excluded from the analysis presented in this table because four full years of UI earnings data were not available for them.

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Figure 3

Quarterly Employment Rates, AFDC/TFA Receipt Rates, and Income



SOURCES: MDRC calculations using Connecticut Unemployment Insurance (UI) earnings records, AFDC/TFA records, and Food Stamp records.

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Table 3

Impacts on Economic Outcomes in the Pre- and Post-Time-Limit Periods

Outcome	Jobs First Group	AFDC Group	Difference (Impact)	Percentage Change
Years 1-2				
Average quarterly employment (%)	52.8	45.0	7.8 ***	17.3
Average annual earnings (\$)	5,066	4,648	419 ***	9.0
Average quarterly percentage receiving AFDC/TFA (%)	70.4	64.9	5.5 ***	8.4
Average annual AFDC/TFA payments (\$)	4,028	3,470	558 ***	16.1
Average quarterly percentage receiving Food Stamps (%)	72.9	70.6	2.3 **	3.2
Average annual Food Stamp payments (\$)	1,856	1,692	164 ***	9.7
Average annual income from earnings, AFDC/TFA, and Food Stamps (\$)	10,952	9,811	1,140 ***	11.6
Tax-adjusted income estimate ^a (\$)	11,310	10,071	1,239 ***	12.3
Years 3-4				
Average quarterly employment (%)	59.7	53.1	6.6 ***	12.4
Average annual earnings (\$)	8,273	7,783	490 *	6.3
Average quarterly percentage receiving AFDC/TFA (%)	27.4	36.6	-9.2 ***	-25.0
Average annual AFDC/TFA payments (\$)	1,502	1,949	-447 ***	-22.9
Average quarterly percentage receiving Food Stamps (%)	46.6	49.1	-2.6 **	-5.3
Average annual Food Stamp payments (\$)	1,210	1,220	-9	-0.8
Average annual income from earnings, AFDC/TFA, and Food Stamps (\$)	10,986	10,952	34	0.3
Tax-adjusted income estimate ^a (\$)	10,978	10,828	150	1.4
Sample size (total = 4,803)	2,396	2,407		

SOURCES: MDRC calculations using Connecticut Unemployment Insurance (UI) earnings records, AFDC/TFA records, and Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC/TFA or Food Stamps.

A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.

A total of 30 sample members were excluded from the analysis for Years 3-4 because four full years of UI earnings data were not available for them.

^aThis measure includes average income from earnings, AFDC/TFA, and Food Stamps; and estimates of federal, state, and payroll taxes; and an estimate of the federal Earned Income Credit.

been subject to AFDC policies). Table 3 shows that, as a result, Jobs First increased average annual cash assistance payments during the first two years of the follow-up period by 16 percent (\$558). The enhanced earned income disregard, which applied as well to the calculation of Food Stamp benefits, also yielded an increase in Food Stamp payments during the early part of the follow-up period.

Income. Because Jobs First group members had both higher earnings *and* higher public assistance payments in the period before anyone reached the time limit, their average combined income from these sources was substantially higher than the AFDC group average (illustrated in the bottom panel of Figure 3). Table 3 shows that Jobs First group members had 12 percent more income from earnings, cash assistance, and Food Stamps per year, on average, during the two years following study entry. When estimates of tax payments and the Earned Income Credit (EIC) — a refundable credit against federal income taxes for low-income taxpayers — are included in the income calculation, the income level for both research groups increases, but the impact remains about the same. (This is not a complete measure of family income because it does not include other income sources, such as child support; does not count income of other household members; and does not include income that was derived outside Connecticut. Data from the Interim Client Survey, which was administered 18 months after random assignment and measured a wide variety of income sources, including those just mentioned, shows a similar pre-time-limit income increase.)

- **After families began reaching the time limit, Jobs First began to reduce cash assistance receipt and payments. The program continued to increase employment and earnings, but because of the cash assistance reductions, the program no longer increased income.**

Jobs First group members began to reach the time limit in quarter 7 of the follow-up period. The cases of about 13 percent of the Jobs First group were closed on reaching the time limit in that quarter. As noted earlier, by the end of the follow-up period (quarter 16), the cases of about one-third of the Jobs First group were closed because of the time limit.

Welfare receipt. Figure 3 shows that the pattern of impacts on public assistance receipt changed abruptly when members of the Jobs First group began to reach the time limit. As noted earlier, before anyone reached the time limit, Jobs First group members were more likely than AFDC group members to receive cash assistance. Beginning in quarter 8, however, after some people had reached the time limit, Jobs First group members were *less* likely to receive cash assistance. The lower panel of Table 3 shows that 27 percent of the Jobs First group received AFDC/TFA in an average quarter during the third and fourth years of follow-up, compared with 37 percent of the AFDC group, and that the Jobs First group received 23 percent less cash assistance per year. The program affected Food Stamp receipt in a similar, though less dramatic manner: In the pre-time-limit period, a higher percentage of Jobs First group members than AFDC group members received Food Stamps, but, in the later part of the follow-up, a lower percentage received benefits.

Employment and earnings. Jobs First's impact on employment rates did not change much when families began reaching the time limit. This is not surprising, because most of those whose grants were discontinued at the time limit were already working; essentially, the program

allowed many working families to retain their welfare grant temporarily and then discontinued their benefits at the time limit.

Income. As a product of the impacts on earnings and public assistance, the impact on total income also changed once people began reaching the time limit. Although Jobs First group members continued to have slightly higher average income just after people began reaching the time limit, this impact disappeared a few quarters later. The lower panel of Table 3 shows that, in years 3 and 4 of follow-up, Jobs First group members' higher earnings were offset by their lower public assistance amounts; thus, total income from earnings, AFDC/TFA, and Food Stamps was the same for the two research groups.

Income averages can hide variation in a program's effect on income for different individuals. At the end of year 3, income distribution patterns suggested that Jobs First was making some families worse off financially. By the end of the fourth year of follow-up, however, these negative effects had disappeared: at that point, about the same number of Jobs First families as AFDC families had very low income. However, among a group of very disadvantaged sample members, more Jobs First families than AFDC families had very low income.

To provide a more complete measure of income than that based on administrative records, the Three-Year Client Survey asked sample members about all sources of income for their household in the month before the interview. The survey results show that a substantial portion of household income for both groups was not captured in the administrative records. However, the survey and the records tell a similar story regarding Jobs First's impacts on income. The main difference relates to child support, which was not measured in the administrative data. On the survey, Jobs First group respondents reported receiving more child support than AFDC group respondents, which generated a small overall impact on household income (as noted earlier, the records showed no such impact). The self-reported increase in child support could indicate higher child support payments for the Jobs First group, greater knowledge about the payments, or both. As noted earlier, Jobs First changed some key rules about the interaction between child support payments and welfare benefits in order to make it easier for recipients to see how much support was collected for their children and to provide a greater financial incentive to cooperate with child support enforcement efforts. The survey results show that about half of families in both the Jobs First and the AFDC group had household income below the federal poverty level (this is not an official poverty rate because income is measured differently here than in the census).

- **By the end of the four-year period, Jobs First group members were more likely to be working and less likely to be receiving welfare than their AFDC group counterparts.**

Table 4 shows Jobs First's impacts in the last quarter of the follow-up period. Unlike the effects of most programs that have been studied, Jobs First's increases in employment remained strong at the end of the fourth year: 61 percent of the Jobs First group worked during the last quarter of the follow-up period, compared with 53 percent of the AFDC group. Also, only 19 percent of the Jobs First group received cash assistance, compared with 28 percent of the AFDC group. The table also shows that the program increased the proportion of people who were working and not receiving welfare benefits at the end of the study; replacing welfare with earnings

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Table 4

Impacts on Economic Outcomes at the End of Four Years

Outcome	Jobs First Group	AFDC Group	Difference (Impact)	Percentage Change
Last quarter of year 4				
Ever employed (%)	60.7	53.1	7.6 ***	14.3
Earnings (\$)	2,278	2,149	129 *	6.0
Ever received AFDC/TFA (%)	18.8	28.0	-9.3 ***	-33.1
AFDC/TFA benefits (\$)	255	365	-110 ***	-30.2
Ever received Food Stamps (%)	39.3	42.5	-3.3 **	-7.7
Food Stamp benefits (\$)	260	262	-2	-0.8
Income from earnings, AFDC/TFA, and Food Stamps (\$)	2,793	2,776	17	0.6
Tax-adjusted income estimate ^a (\$)	2,706	2,654	52	2.0
Employed and receiving AFDC/TFA (%)	9.6	10.7	-1.1	-9.9
Not employed and receiving AFDC/TFA (%)	9.1	17.4	-8.2 ***	-47.3
Employed and not receiving AFDC/TFA (%)	51.1	42.4	8.7 ***	20.4
Neither employed nor receiving AFDC/TFA (%)	30.2	29.6	0.6	2.1
Sample size (total = 4,773)	2,381	2,392		

SOURCES: MDRC calculations using Connecticut Unemployment Insurance (UI) earnings records, AFDC/TFA records, and Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC/TFA or Food Stamps.

A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in the calculation of sums and differences.

A total of 30 sample members were excluded from the analysis presented in this table because UI earnings data for the last quarter of the follow-up period were not available for them.

^aThis measure includes average income from earnings, AFDC/TFA, and Food Stamps; and estimates of federal, state, and payroll taxes; and an estimate of the federal Earned Income Credit.

was the primary goal of Jobs First. These substantial differences suggest that the program's effects will continue beyond the follow-up period for this study.

□ **Most of the employment generated by Jobs First was stable and full time.**

At the time of the Three-Year Client Survey, most of the employed people in both research groups worked full time or close to full time; on average, employed sample members worked 33 hours per week. Their average hourly wage was about \$8.50.

However, it is important to understand how Jobs First affected job characteristics. According to the evaluation's earlier reports, most of the people who went to work because of Jobs First initially obtained fairly low-wage, part-time jobs. A snapshot of jobs taken three years after random assignment is somewhat more encouraging. When the Three-Year Client Survey was administered, 63 percent of Jobs First group members were working, compared with 55 percent of AFDC group members. Most of the 8-percentage-point impact was in full-time jobs (30 hours or more per week).

Results from the Three-Year Client Survey also show that Jobs First increased the proportion of people who worked during the first year of the follow-up period and remained employed during most of the following two years. This suggests that most of the employment generated by Jobs First was stable.

□ **The program's impacts on employment and earnings were concentrated among individuals facing greater barriers to employment. Among more job-ready individuals, the main impact of Jobs First was to increase public assistance receipt.**

Table 5 presents Jobs First's impacts for three subgroups of sample members defined by their level of disadvantage when they entered the study. The most disadvantaged subgroup—12 percent of the full sample—comprises long-term welfare recipients with no recent work history or high school diploma.¹² The least disadvantaged subgroup had none of these barriers to employment, and the moderately disadvantaged subgroup had one or two of the barriers.

Table 5 shows that the most disadvantaged subgroup was, indeed, least likely to work and most likely to rely on welfare. During the first two years of follow-up, for example, 65 percent of the least disadvantaged AFDC group members worked in an average quarter; in contrast, only 19 percent of the most disadvantaged AFDC group members worked in an average quarter. Likewise, 85 percent of the most disadvantaged AFDC group members received cash assistance during an average quarter in the two years, compared with only 50 percent of the least disadvantaged AFDC group members.

Perhaps because the most disadvantaged were so unlikely to work without the program, the effects of Jobs First were concentrated in this subgroup. As Table 5 shows, for example, in the first two years of follow-up, Jobs First substantially increased employment: 34 percent of the

¹²Specifically, the most disadvantaged subgroup comprises sample members who had received cash assistance for at least 22 of the 24 months prior to random assignment, had not worked in the year prior to random assignment, and did not have a high school diploma or GED certificate.

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Table 5

Summary of Impacts on Economic Outcomes for Subgroups

Outcome	Least Disadvantaged			Moderately Disadvantaged			Most Disadvantaged			Subgroup Differences
	Jobs First Group	AFDC Group	Difference	Jobs First Group	AFDC Group	Difference	Jobs First Group	AFDC Group	Difference	
Years 1-2										
Average quarterly employment (%)	69.5	65.2	4.4 **	50.5	42.6	7.9 ***	34.2	19.2	15.1 ***	***
Average annual earnings (\$)	7,773	7,651	122	4,587	4,115	472 **	2,312	1,373	939 ***	
Average quarterly percentage receiving AFDC/TFA (%)	60.7	50.1	10.6 ***	72.3	66.8	5.4 ***	85.3	85.2	0.1	***
Average annual AFDC/TFA payments (\$)	3,240	2,365	875 ***	4,187	3,594	593 ***	5,161	5,150	12	***
Average quarterly percentage receiving Food Stamps (%)	61.9	57.9	4.0 *	74.7	72.0	2.7 **	88.7	89.9	-1.1	
Average annual Food Stamp payments (\$)	1,427	1,201	226 ***	1,930	1,748	183 ***	2,448	2,481	-33	**
Average annual income from earnings, AFDC/TFA, and Food Stamps (\$)	12,439	11,216	1,223 ***	10,705	9,457	1,248 ***	9,921	9,093	918 ***	
Tax-adjusted income estimate ^a (\$)	12,692	11,473	1,219 ***	11,119	9,743	1,376 ***	10,318	9,228	1,090 ***	
Years 3-4										
Average quarterly employment (%)	72.4	69.6	2.8	58.3	51.1	7.2 ***	45.5	32.1	13.4 ***	**
Average annual earnings (\$)	11,608	11,695	-87	7,803	6,977	827 ***	4,393	3,527	866 *	
Average quarterly percentage receiving AFDC/TFA (%)	19.4	22.9	-3.5 *	27.9	37.8	-9.8 ***	42.8	58.9	-16.1 ***	***
Average annual AFDC/TFA payments (\$)	993	1,118	-125	1,543	2,016	-473 ***	2,423	3,364	-941 ***	***
Average quarterly percentage receiving Food Stamps (%)	32.8	34.1	-1.3	47.7	50.6	-2.9 *	68.9	72.6	-3.7	
Average annual Food Stamp payments (\$)	763	731	32	1,261	1,271	-10	1,895	1,983	-88	
Average annual income from earnings, AFDC/TFA, and Food Stamps (\$)	13,363	13,544	-181	10,607	10,264	344	8,712	8,875	-163	
Tax-adjusted income estimate ^a (\$)	12,806	12,955	-149	10,742	10,269	473 *	9,243	9,206	37	
Sample size	473	560		1,488	1,445		299	250		

(continued)

Table 5 (continued)

SOURCES: MDRC calculations using Connecticut Unemployment Insurance (UI) earnings records, AFDC/TFA records, and Food Stamp records.

NOTES: The levels of disadvantage subgroups are based on AFDC history, prior employment, and whether the sample member had a high school diploma or GED. Sample members in the "Most Disadvantaged" subgroup were on welfare for 22 out of 24 months, did not work in the prior year, and had no high school diploma or GED. Those in the "Least Disadvantaged" subgroup were not long-term welfare recipients, had recent prior work experience, and had a high school diploma or GED. Those in the "Moderately Disadvantaged" subgroup had some, but not all, of the accumulation risk factors.

A total of 288 sample members were excluded from the subgroup analysis because their high school diploma/GED status was unknown. A total of 30 sample members were excluded from the analysis for Years 3-4 because four full years of UI earnings data were not available for them.

Dollar averages include zero values for sample members who were not employed or were not receiving AFDC/TFA or Food Stamps.

A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as ***=1 percent, **=5 percent, and *=10 percent.

Rounding may cause slight discrepancies in the calculation of sums and differences.

^aThis measure includes average income from earnings, AFDC/TFA, and Food Stamps; estimates of federal, state, and payroll taxes; and an estimate of the federal Earned Income Credit.

Jobs First group worked in an average quarter an increase of 15 percentage points above the AFDC group employment rate. The earnings increase was also very large: During the first two years of follow-up, Jobs First group members earned an average of \$2,312 per year, a \$939 increase above the AFDC group average. The program did not increase cash assistance receipt during the pre-time-limit period among the most disadvantaged sample members. During the third and fourth years of the study period, the program continued to increase employment and earnings and generated large decreases in cash assistance receipt among this subgroup.

Among the least disadvantaged sample members, who were quite likely to find a job without the program (that is, the employment rate was high for the least disadvantaged AFDC group members), Jobs First had little effect on employment and no effect on earnings. The program's primary impact for this subgroup in the pre-time-limit period was to allow those who would have worked anyway to continue receiving public assistance, thereby raising their income. After sample members began reaching the time limit, Jobs First began to reduce welfare receipt for this subgroup, and therefore the program no longer increased income for this subgroup.

- **Jobs First had no consistent impact on a wide range of measures of material well-being, indicating that, overall, the program did not substantially increase or decrease levels of hardship. However, levels were high for both groups.**

Table 6 presents Jobs First's impacts on some of the many indicators of material well-being from the Three-Year Client Survey. Like most similar programs, Jobs First produced few effects on such measures. However, as shown in the table, survey responses indicate an ambiguous effect on living conditions. During the year before they were surveyed, Jobs First group respondents reported fewer neighborhood problems (such as drug dealers or users), indicating that they may have moved to better neighborhoods.

Jobs First group members also, however, were less likely to have paid the full amount of their rent or mortgage in the month before their survey interview and were more likely to have been homeless in the prior year. Although the level of homelessness in each of the research groups was low (2 percent of the AFDC group and 3 percent of the Jobs First group), the increase is of concern. Analysis (not shown) found that some of the Jobs First group members who became homeless had rather steep drops in income during the third year of follow-up. Additional analysis of case narratives for these individuals suggests that some of them may have lost income as a result of Jobs First policies, such as sanctions and the time limit.

The indicators of housing instability discussed above suggest that there may be a small group of sample members who were adversely affected by Jobs First. However, analysis for the three subgroups defined by level of disadvantage shows that none of those groups experienced clear improvements or reductions in material well-being due to Jobs First. Perhaps the people who were adversely affected are not clustered in any one subgroup, at least as defined here.

Overall, Jobs First produced few impacts in the levels of material hardship, but the rates of hardship were high for both groups of sample members. About three-fifths of each group reported that they had experienced some serious material hardships in the past year — for example,

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Table 6

Summary of Impacts on Noneconomic Outcomes at the Three-Year Point

Measure	Jobs First Group	AFDC Group	Difference (Impact)
Average number living in household	3.5	3.4	0.1
Average number of children in household	1.8	1.8	0.0
Respondent lives with at least one other adult (%)	44.9	42.4	2.5
Respondent is currently married and living with spouse (%)	9.1	10.8	-1.6
Respondent gave birth since random assignment (%)	20.7	20.7	0.1
Respondent owns a car, van, or truck (%)	40.9	36.7	4.2 **
Average amount of respondent's savings (\$)	152	182	-31
Respondent has debt (%)	64.6	60.1	4.6 **
Respondent lives with family/friends and pays part of rent or mortgage (%)	9.9	6.4	3.5 ***
Respondent did not pay full amount of rent or mortgage in year prior to interview (%)	35.5	31.2	4.2 **
Respondent was ever homeless and living on street in year prior to interview (%)	2.6	1.5	1.1 *
Respondent has no health insurance (%)	13.9	18.4	-4.4 ***
Children have no health insurance (%)	4.0	4.6	-0.7
Respondent reported one or more neighborhood problems ^a	64.5	70.6	-6.1 ***
Respondent reported food insecurity with hunger (%)	21.6	21.8	0.0
Sample size (total = 2,424)	1,249	1,175	

SOURCE: MDRC calculations from the Three-Year Client Survey data.

NOTES: A two-tailed t-test was applied to differences between the Jobs First and AFDC groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in the calculation of sums and differences.

Results in this table were weighted to make them more representative of the full sample.

^aNeighborhood problems include the following: unemployment; drug users or pushers; crime, assault, or burglaries; run-down buildings and yards; and noise, odors, or heavy traffic.

^bThe six-item Food Security Scale recommended by the U. S. Department of Agriculture was used to measure food security. The items in the scale include questions about food consumed and the kind of things people resort to when money allocated for food is exhausted. The scale ranges from 1 to 6; two or more affirmatives indicate food insecurity, and five or more affirmatives indicate food insecurity with hunger.

having their telephone disconnected, using a food bank or soup kitchen, or living in a neighborhood with such problems as unemployment and drug users and pushers (not shown on a table).

□ **Jobs First significantly increased health care coverage for adults.**

Jobs First group members were somewhat more likely than AFDC group members to be covered by health insurance at the three-year point. This is likely attributable to the additional year of transitional Medicaid coverage available in Jobs First (the Jobs First group was *less* likely to be covered by private health insurance). The program did not, however, affect the proportion of children covered by health insurance: Most children in both research groups had health care coverage. (Connecticut, like most other states, offers coverage to children more broadly than to adults.)

□ **Jobs First did not affect marital status or childbearing.**

Table 6 presents a few of the indicators of marital status and childbearing from the Three-Year Client Survey. As noted earlier, Jobs First included a partial family cap; that is, when a recipient gave birth to a child who was conceived while she was receiving welfare, her cash assistance grant was increased by only about half as much as it would have been under prior rules. Survey results indicate that Jobs First did not affect the proportion of women who gave birth during the follow-up period, but it is impossible to conclude with certainty that the cap itself did not. The partial family cap was one of many components of the Jobs First program, and it was not a central part of the program message.

D. Jobs First Impacts on Outcomes for Children and Families

The Three-Year Client Survey asked parents some questions about recent child care arrangements, school achievement, and police involvement for each of their children. In addition, respondents who had at least one child between 5 and 12 years old at the time of the survey answered a set of detailed questions about child care use, father's involvement, parenting, school performance, and other outcomes for one "focal" child in that age range.¹³ Teachers were also surveyed about a subsample of focal children's academic performance and behavior in school. Key findings for children and families include:

□ **Jobs First increased the use of child care for children of all ages.**

Table 7 shows the current child care arrangements, at the time the Three-Year Client Survey was administered, for all children ages 0 to 4, 5 to 12, and 13 to 17. The table shows that Jobs First increased the percentage of children in each age group who were in child care (owing to the increases in employment). It is unusual for a program like Jobs First to affect child care use for older children, given their limited needs for care; however, the impact for 13- to 17-year-olds is concentrated in arrangements involving relative care. Jobs First group members were more likely to be living with their *own* parents; perhaps survey respondents considered their children in "child care"

¹³To be eligible for the more detailed study, a family had to have at least one child between the ages of 2 and 9 at the time of random assignment (who would be between 5 and 12 at the time of the survey interview). For families with only one child in this age range, that child was the "focal" child; for families with more than one child in that age range, one of those children was selected randomly to be the focal child.

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Table 7

Summary of Impacts on Child Care at the Three-Year Point, by Child Age at the Time of Interview

Outcome	Ages 0-4			Ages 5-12			Ages 13-17		
	Jobs First Group	AFDC Group	Difference (Impact)	Jobs First Group	AFDC Group	Difference (Impact)	Jobs First Group	AFDC Group	Difference (Impact)
Currently in child care (%)	66.1	57.5	8.6 ***	55.0	45.1	9.9 ***	15.7	8.2	7.5 ***
Informal care	56.0	49.1	6.9 **	50.3	41.7	8.6 ***	15.1	8.0	7.1 ***
Relative care	45.3	41.2	4.2	43.5	35.3	8.2 ***	13.8	6.8	7.0 ***
Nonrelative care	13.3	10.6	2.7	10.2	8.3	1.9	1.4	1.4	0.0
Formal care ^a	16.8	12.7	4.1 **	8.3	4.6	3.7 ***	0.7	0.1	0.6
Hours in child care in a typical week (%)									
0 hours	32.7	40.3	-7.6 ***	42.6	52.9	-9.5 ***	84.7	91.7	-7.0 ***
Less than 20 hours	10.6	12.9	-2.3	26.8	20.0	6.8 ***	7.9	4.0	3.9 **
20 or more hours	56.7	46.8	9.9 ***	30.7	28.0	2.7	7.3	4.3	3.0 *
Sample size (total = 4,969)	616	588	1,204	1,356	1,339	2,695	578	492	1,070

SOURCE: MDRC calculations from the Three-Year Client Survey.

NOTES: A two-tailed t-test was applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent. Standard errors were adjusted to account for shared variance between siblings.

Rounding may cause slight discrepancies in sums and differences.

Results in this table were weighted to make them more representative of the full sample.

^aFormal care includes center or group care, summer daycare, and extended day programs.

when they came home from school and were supervised by relatives in the home, such as grandparents. Table 7 also shows that Jobs First increased the number of hours that children in each age group spent in child care. A more detailed analysis of the 5- to 12-year-old focal children (not shown) shows some indication, based on parents' perceptions, that Jobs First increased the use of high-quality, stable child care.

Jobs First increased the proportion of all families who received child care subsidies from the state and also increased the number of months of subsidy receipt (results not shown). Among parents using child care at the time of the Three-Year Client Survey, Jobs First parents were slightly more likely than AFDC parents to be receiving subsidies; more than one-third of Jobs First parents with a child in care were receiving a subsidy.

- **Jobs First had few effects across a range of indicators of children's home environment, family functioning, and parenting practices, but the effects found were generally positive.**

Ratings of children's home environment, parental well-being, and parenting were generally similar for the Jobs First and AFDC groups, except that parents in Jobs First reported having more cognitively stimulating learning materials available to their children in their homes and being less harsh toward their children. Jobs First had virtually no effect on children's involvement with their noncustodial biological fathers.

- **Jobs First had no effect on performance in school among elementary school children, but it had small positive effects on their behavior. These positive effects were concentrated among the younger children.**

Table 8 summarizes Jobs First's impacts on school outcomes and behavior. Compared with 5- to 12-year-old children in the AFDC group, children in Jobs First were rated by their parents (but not their teachers) as exhibiting fewer behavioral problems (such as aggression toward other children and depression) and more positive behaviors (such as helping and cooperating with peers). (See Table 8 for more detail about such measures.) These positive effects were concentrated among the younger elementary school children (who were 2 to 5 years old at random assignment and 5 to 8 years old at the time of the survey). Neither parents nor teachers reported any differences between the groups in children's performance or engagement in school.

- **Jobs First had mixed effects for adolescents: It negatively affected their school performance but also reduced their involvement with the police.**

As shown in Table 8, parents reported that adolescents in the Jobs First group (who were between ages 13 and 17 at the time of the survey interview) had lower school achievement than adolescents in the AFDC group and were more likely to be performing below average, compared with their peers, in school. They were no more likely, however, to have been in special education or to have been suspended, according to their parents. Parents in the Jobs First group also reported that their adolescent children were less likely to have been convicted of a crime during the follow-up period.

Connecticut's Jobs First Program

Table 8

Summary of Impacts on Child Outcomes at the Three-Year Point, by Child Age at the Time of Interview

Outcome	Jobs First Group	AFDC Group	Difference (Impact)	Percentage Change
Focal children, ages 5-12				
<u>School outcomes</u>				
Average achievement ^a	4.2	4.2	0.0	-0.3
Below average (%)	4.9	6.2	-1.4	-22.1
Since random assignment, child:				
Ever in special education (%)	15.3	14.0	1.2	8.9
Ever suspended (%)	7.8	9.1	-1.2	-13.5
<u>Behavior</u>				
Behavioral Problems Index total score	8.3	9.2	-0.9 **	-9.4
Positive Behavior Scale total score ^c	61.9	60.8	1.0 *	1.7
Sample size (total = 1,469)	748	721		
Adolescents, ages 13-17				
<u>School outcomes</u>				
Average achievement ^a	3.7	3.9	-0.3 ***	-6.6
Below average (%)	12.7	7.9	4.8 **	60.5
Since random assignment, child:				
Ever in special education (%)	19.7	15.5	4.2	27.0
Ever suspended (%)	27.3	27.4	-0.1	-0.4
<u>Behavior</u>				
Ever arrested (%)	8.9	11.9	-3.0	-25.4
Ever found guilty (%)	4.2	8.1	-3.9 **	-48.0
Sample size (total = 1,070)	578	492		

SOURCE: MDRC calculations from the Three-Year Client Survey.

NOTES: A two-tailed t-test was applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in the calculation of sums and differences.

Results in this table were weighted to make them more representative of the full sample.

^aMothers were asked to rate their child's overall performance in school from 1 (doing "not well at all") to 5 (doing "very well").

^bMothers responded to 28 items designed to assess problem behavior of the focal child, including items such as "My child is disobedient at home" and "My child is too fearful or anxious." Responses varied from 0 ("not true") to 2 ("often true"). A score was created by summing responses to all 28 items.

^cMothers were asked a series of questions designed to measure positive aspects of the focal child's behavior. This seven-item scale includes items such as "My child is helpful and cooperative" and "My child is warm and loving," and responses ranged from 0 ("not at all like my child") to 10 ("completely like my child"). A total score was created as the sum of responses to the seven items.

- **Generally, Jobs First produced similar effects on children and families across the three subgroups defined by level of disadvantage but produced larger increases in child care use among the most disadvantaged subgroup.**

As discussed earlier, Jobs First's employment increases were concentrated among sample members who were long-term welfare recipients with no recent work history or high school diploma. Corresponding to this employment increase, Jobs First increased use of child care more for this subgroup than for the others.

E. Financial Costs and Benefits of Jobs First

- **The net cost of employment services and related support services in Jobs First — that is, the cost over and above what was spent on the AFDC program — was only about \$2,250 per person over five years; this is relatively low, compared with similar programs that have been studied.**

MDRC estimated the costs of providing employment services (such as job search classes and education and training) and related support services (such as child care and transportation assistance) to sample members, as well as the cost of the Safety Net program. Costs as well as benefits were projected to five full years. The gross cost per Jobs First group member for these services was about \$8,050 over five years; the gross cost per AFDC group member for the corresponding services (excluding Safety Net) was about \$5,800, yielding a difference of \$2,250.¹⁴ Jobs First's employment services were relatively inexpensive, which is not surprising, given that most participants attended short-term job search activities. The support service cost, however, was quite high compared with other programs; many of the dollars spent were for child care subsidies for Jobs First group members who were working (both while on cash assistance and off it).

- **Over five years, Jobs First participants' gains exceeded program costs.**

As noted, the government spent a net of about \$2,250 per person on Jobs First employment and support services. At the five-year point, the government also had paid about \$300 more per person in Food Stamps, about \$1,200 more in Medicaid benefits, and \$100 more to administer these benefits. The government also lost about \$350 in tax payments, because the Jobs First group paid less overall in income tax because of the EIC's tax reductions and refunds for low-income workers. Over five years, the Jobs First and AFDC groups received about the same amount in cash assistance, so there were no welfare savings to offset these expenditures. In sum, relative to the AFDC program, Jobs First cost the government about \$4,150 per person over five years.

The government's investment generated substantial gains for participants in both income and services. Jobs First group members gained income from increased earnings and Food Stamp payments and lower tax payments. They also received more child care assistance, Medicaid benefits, and employment-related fringe benefits. Adding the estimated dollar value of the services to the income increases shows that Jobs First group members gained about \$5,700 per person. The net gain per person was about \$1.30 for every net dollar invested in the program.

¹⁴Figures in this section do not sum precisely because they have been rounded to the nearest \$50 increment.

Among long-term welfare recipients with no recent work history and no high school diploma, the net gain per Jobs First group member in income and services was approximately \$7.00 for every net dollar the government spent on the program. Among the most job-ready sample members (the least disadvantaged subgroup) the net gain per person was only about \$0.85 for each net dollar invested.

III. Conclusions and Policy Implications

The Jobs First evaluation provides some of the first information on the implementation and impacts of a welfare reform strategy that included a time limit on benefit receipt. Judged against its own goals — reducing cash assistance receipt and increasing employment — Jobs First was reasonably successful. It increased employment levels throughout the period studied, and after people began reaching the time limit, it decreased cash assistance receipt. As a result, the program increased the proportion of people who worked and did not receive welfare. Jobs First also modestly increased participants' income, although this was not an explicit program goal. Further, Jobs First had no consistent impact on overall material hardship, and it produced some small positive effects for children. Some observers, however, hope that programs like Jobs First will substantially improve families' well-being even if such an effect is not an explicit policy goal. Jobs First did not do this; absolute levels of hardship were high for families both in Jobs First and in the AFDC program.

When drawing conclusions about welfare policy based on the Jobs First evaluation, it is important to remember that the program is an unusual hybrid and was implemented in a specific manner. First, Jobs First has one of the shortest time limits in the nation, but, during study period, those who had very low income when they reached the limit typically received benefit extensions. Second, the program includes an unusually generous earned income disregard, which allowed many working parents in the study to retain their entire welfare grant, at least temporarily. Third, Jobs First provides employment-services to help people find jobs, but the program was not implemented very intensively. It only modestly increased participation in employment-related activities beyond that of the AFDC group levels, and sanctioning rates were low. Finally, Jobs First was implemented in a unique context: The evaluation period was characterized by an unusually strong economy and by publicized changes in state and national welfare policy.

That said, the results of the Jobs First evaluation provide some lessons relevant to the current environment:

A. Implementing Time Limits

Federal law gives states substantial flexibility in designing and implementing welfare time-limit policies. In operating Jobs First, Connecticut chose to impose a very short limit but coupled it with generous extension provisions. Generally, during the study period, the state granted benefit extensions to recipients with low income who had been deemed to have followed program rules; most people whose grants were closed because of the time limit were working. Thus, Jobs First provides an example of a "softly implemented" time limit, or, said another way, a time limit with substantial safeguards built in.

It is important to emphasize, however, that states are not prohibited from using federal TANF funds to support families who exceed time limits of fewer than 60 months. Thus, extending benefits prior to the 60-month point has less dramatic fiscal consequences for states. Recent changes in Connecticut's policy suggest that its 60-month limit will be implemented more firmly, with few families receiving benefits beyond 60 months. This may foreshadow how other states will respond to the 60-month limit on federal block grant funds.

By the end of the four-year study period, about one-fifth (19 percent) of the Jobs First group were receiving cash assistance. This is lower than the percentage of the AFDC group receiving assistance (about 28 percent), but some may wonder, given the program's 21-month time limit, why any Jobs First group members are still on the rolls. The explanation mainly lies in the program's exemption and extension policies. First, Jobs First allowed some recipients to be exempted from the time limit (those with children under age 1 and those with serious medical problems); many individuals who received exemptions never even reached the time limit during the study. Second, as discussed, many recipients who did reach the time limit received benefit extensions.

B. The Impact of Benefit Termination

Jobs First shows that it is possible to operate a program with a time limit on welfare and to close many cases because of the limit without causing widespread harm to participants and their children, at least in the short term. In fact, on average, families in the Jobs First group were a little better off as a result of the program. However, two key facets of Jobs First must be emphasized. First, as noted above, many families with very low income received extensions during the study period and thus continued to receive financial support. Without that support, these very low-income families might have experienced additional hardships. Not all states have such generous extension rules. Second, the Jobs First time limit was coupled with an uncommonly generous financial incentive that substantially increased participants' income during the pre-time-limit period. Furthermore, during the study period, the economy was very strong; it is not clear how program participants would have fared in an economy with higher unemployment rates and fewer job opportunities.

C. The Interaction of Time Limits and Earnings Disregards

Like Connecticut, most states have imposed time limits while simultaneously expanding earnings disregards. Connecticut's generous work incentive initially increased recipients' income and the state's welfare spending. Because of the time limit, the increases were temporary; the cases of many working parents were closed on reaching the time limit. Connecticut's approach increased income and made families a little better off without increasing overall welfare payments. Nonetheless, Jobs First did not substantially improve the well-being of participants' children as have other programs, in which generous incentives but no time limit have produced sustained income increases.¹⁵

¹⁵See Lisa Gennetian, and Cynthia Miller, *Reforming Welfare and Rewarding Work: Final Report on the Minnesota Family Investment Program Volume 2: Effects on Children* (New York: MDRC, 2000); and Pamela Morris (continued)

Studies have shown that earnings disregards, when combined with employment-related mandates, can raise employment and income. Jobs First's disregard is certainly at least partly responsible for the program group's income increase. But the earnings disregard also caused Jobs First recipients to use up their months of benefit faster, because they remained on welfare when they otherwise would have become ineligible. The combination of these policies complicates the program message: It is difficult to urge recipients both to leave welfare quickly in order to save their limited months of benefits and also to take advantage of an earnings disregard by combining welfare and work.

Jobs First also shows that these two policies can interact in different ways for different groups of people. For the most disadvantaged sample members, who were unlikely to work on their own (as indicated by the AFDC group employment levels), the program substantially increased employment and earnings throughout the four years studied. It also increased their income and, after the time limit, substantially reduced welfare receipt. For the more job-ready recipients, however, who were quite likely to work on their own, Jobs First had no effect on employment or earnings; but because the earnings disregard allowed many of those who worked to continue receiving welfare benefits, the program substantially increased income (and welfare spending) in the pre-time-limit period. This suggests that it may be more efficient to target financial incentives to those who are less likely to work on their own.

D. Effects on Children

Recent research on welfare policies has found that programs requiring parents to work that increase employment but not income have few effects on elementary-school-age children. However, programs that increase both employment and income (by supplementing earnings) over a two- or three-year period have positive effects for children. Jobs First increased families' income during the early part of the follow-up period, but the gains did not continue to accrue. Not surprisingly, then, Jobs First's effects on children fell in between the two extremes: By the end of three years, the program had made elementary school children (5- to 12-year-olds) slightly better off. Perhaps income gains need to be sustained in order to benefit children substantially.

Some observers have expressed concern that a time-limited welfare program might increase stress or depression for parents and thus potentially affect children negatively, but there is no evidence of this in Jobs First. Another study of a welfare program with a time limit, conducted in Florida, found few effects for children.¹⁶ It is reassuring that two programs with time limits on welfare benefits have been found not to harm elementary school children, at least in the short term.

Some previously studied welfare and employment programs have been found to produce negative effects on adolescents.¹⁷ Overall, Jobs First had mixed effects for adolescents. Like

and Charles Michalopoulos, *The Self-Sufficiency Project at 36 Months: Effects on Children of a Program That Increased Parental Employment and Income* (Ottawa: Social Research and Demonstration Corporation, 2000).

¹⁶Dan Bloom, James J. Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, and Richard Hendra, *The Family Transition Program: Final Report on Florida's Initial Time-Limited Welfare Program* (New York: MDRC, 2000).

¹⁷Lisa Gennetian, Greg Duncan, Virginia Knox, Wanda Vargas, and Elizabeth Clark-Kauffman, *How Welfare and Work Policies Affect Adolescents: Key Findings from a Synthesis of Eight Experimental Studies*, Working Paper (New York: MDRC, forthcoming).

other programs studied, Jobs First decreased adolescents' academic achievement; unlike other programs, it decreased their involvement with the police. Explanations of the negative effects found in earlier studies have centered on the lack of supervision when adolescents' single parents go to work. Interestingly, in contrast, Jobs First increased the use of child care for adolescents, especially by relatives, making it less likely that adolescents were left unsupervised in the afternoon, after school. While informal child care arrangements may not provide all the benefits of structured arrangements for adolescents, they may help prevent teenagers from interacting with peers who may engage in delinquent behavior.

E. Welfare-to-Work Strategies

Welfare and employment programs have adopted various strategies to assist welfare recipients. Jobs First's primary goal was to move welfare recipients into jobs quickly and replace welfare with work. To this end, the program emphasized short-term job search activities, rather than education and training (which is typically more expensive). Also, owing to a combination of factors—including the time limit, the enhanced earned income disregard, and the strong economy—Jobs First planners anticipated that many participants would find jobs on their own. Thus, they designed the program so that intensive contact between staff and recipients occurred only after a recipient was unable to find a job, which allowed staff to carry large caseloads.

The Jobs First model succeeded in increasing employment, earnings, and income without investing a lot of resources in either employment-related activities or case management. Yet the program provided considerable support services in the form of child care assistance and Medicaid, especially for working parents.

F. Supports for Working Families

Most families in the Jobs First group were working but still struggling at the end of the study. As noted, overall, Jobs First did not increase hardship, but the outcome levels for both research groups highlight the importance of additional supports for low-income working families, particularly if such families will be expected to stay off welfare for long periods.

About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and San Francisco.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations—field tests of promising program models—and evaluations of government and community initiatives, and we employ a wide range of methods to determine a program's effects, including large-scale studies, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work—including best practices for program operators—with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.